

**DAWSON-BRYANT LOCAL
SCHOOL DISTRICT**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010**

TOGETHER WITH INDEPENDENT AUDITOR'S REPORTS



**Kelley,
Galloway &
Company, PSC**

CERTIFIED PUBLIC ACCOUNTANTS



Dave Yost • Auditor of State

Board of Education
Dawson-Bryant Local School District
222 Lane Street
Coal Grove, Ohio 45638

We have reviewed the *Independent Auditor's Report* of the Dawson-Bryant Local School District, Lawrence County, prepared by Kelley, Galloway & Company, PSC, for the audit period July 1, 2009 through June 30, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Dawson-Bryant Local School District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

March 30, 2010

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Kelley,
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INDEPENDENT AUDITOR'S REPORT

Members of the Board
Dawson-Bryant Local School District
222 Lane Street
Coal Grove, Ohio 45638

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dawson-Bryant Local School District, (the "District"), as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the management of the District. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Dawson-Bryant Local School District, as of June 30, 2010, and the respective changes in financial position, where applicable, and the respective budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2011, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis information on pages 4 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in the appropriate operational, economic, or historical context. We have applied certain limited procedures, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency in management's responses to our inquiries, the basic financial statements, and knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or any assurance.

The schedule of expenditures of federal awards contained on pages 41 and 42 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Kelley, Galloway + Company, PSC

January 25, 2011

Dawson - Bryant Local School District

Management's Discussion and Analysis
For the Fiscal Year June 30, 2010

The discussion and analysis of the Dawson Bryant Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2010 are as follows:

- Net assets of governmental activities decreased \$482,801.
- General revenues accounted for \$9,555,771 in revenue or 71.1 percent of all revenues. Program specific revenues in the form of charges for services, grants, and contributions accounted for \$3,892,736 or 28.9 percent of total revenues of \$13,448,507.
- Total assets of governmental activities decreased \$373,399. This is primarily due to a decrease in the amount of \$1,091,504 in depreciable capital assets, combined with an increase of \$700,940 in cash and cash equivalents.
- The School District had \$13,931,308 in expenses related to governmental activities; only \$3,892,736 of these expenses were offset by program specific charges for services, grants, contributions, and interest. General revenues (primarily taxes and intergovernmental) of \$9,555,771 were not adequate to cover the remaining expenses.

USING THE BASIC FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Dawson Bryant Local School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions.

The Statement of Net Assets and the Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column.

Reporting the School District as a Whole

Statement of Net Assets and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2010?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Dawson - Bryant Local School District

Management's Discussion and Analysis

For the Fiscal Year June 30, 2010

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Assets and the Statement of Activities, all of the School District's activities are reported as governmental including instruction, support services, operation of non-instructional services, debt service, and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 13. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund and the Debt Service Bond Retirement Fund.

Governmental Funds All of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Fiduciary Funds The School District accounts for resources held for the benefit of parties outside the government as fiduciary funds. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the School District's own programs. The School District uses accrual accounting for fiduciary funds.

THE SCHOOL DISTRICT AS A WHOLE

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2010 compared to 2009.

Dawson - Bryant Local School District

*Management's Discussion and Analysis
For the Fiscal Year June 30, 2010*

**Table 1
Net Assets**

	Governmental Activities		
	2010	2009	Change
Assets			
Current and Other Assets	\$ 7,859,344	\$ 7,141,239	\$ 718,105
Capital Assets	30,469,477	31,560,981	(1,091,504)
Total Assets	38,328,821	38,702,220	(373,399)
Liabilities			
Long-Term Liabilities	1,635,598	1,770,115	(134,517)
Other Liabilities	2,418,148	2,174,229	243,919
Total Liabilities	4,053,746	3,944,344	109,402
Net Assets			
Invested in Capital Assets	29,227,648	30,204,047	(976,399)
Restricted	1,202,738	1,222,692	(19,954)
Unrestricted	3,844,689	3,331,137	513,552
Total Net Assets	\$ 34,275,075	\$ 34,757,876	\$ (482,801)

Total assets of governmental activities decreased \$373,399. This is primarily due to a decrease in capital assets in the amount of \$1,091,504, offset by an increase cash and cash equivalents in the amount of \$700,940. The decrease in capital assets is the result of the depreciation of capital assets in an amount greater than the additions of capital assets. The increase noted in cash and cash equivalents and the decrease in the amount due from other governments are a result of a greater percentage of grants being fully drawn out at June 30, 2010, than in previous years, as well as, increased funding from the American Recovery and Reinvestment Act.

In total, liabilities increased \$109,402. This is due to increases in accrued wages and benefits in the amount of \$34,092, intergovernmental payable in the amount of \$116,012, and deferred revenue in the amount of \$87,255, offset by a decrease in long-term liabilities of \$134,517. The increases in accrued wages and benefits and intergovernmental payable are the result of annual salary increases and, in the intergovernmental payable, changes in measurement of the School Employees Retirement System liability. The decrease in deferred revenue results from a reduction in the amount available as an advance. The decreases in long-term liabilities are the result of annual debt service payments.

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2010, and comparisons to fiscal year 2009.

Dawson - Bryant Local School District
Management's Discussion and Analysis
For the Fiscal Year June 30, 2010

Table 2
Changes in Net Assets

	Governmental Activities		
	2010	2009	Change
Revenues			
Program Revenues:			
Charges for Services	\$ 1,201,951	\$ 1,186,914	\$ 15,037
Operating Grants and Contributions	2,690,754	2,912,259	(221,505)
Capital Grants and Contributions	31	83,115	(83,084)
	<u>3,892,736</u>	<u>4,182,288</u>	<u>(289,552)</u>
General Revenues:			
Property Taxes	1,221,697	833,145	388,552
Grants and Entitlements	8,295,329	7,447,377	847,952
Investment Earnings	23,639	52,324	(28,685)
Miscellaneous	15,106	30,645	(15,539)
	<u>9,555,771</u>	<u>8,363,491</u>	<u>1,192,280</u>
Total Revenues	<u>13,448,507</u>	<u>12,545,779</u>	<u>902,728</u>
Program Expenses			
Instruction:			
Regular	5,986,942	6,694,306	707,364
Special	1,000,372	877,002	(123,370)
Vocational	128,688	112,667	(16,021)
Student Intervention Services	995,569	-	(995,569)
Support Services:			
Pupils	590,996	587,136	(3,860)
Instructional Staff	296,550	384,435	87,885
Board of Education	38,331	45,528	7,197
Administration	911,228	1,058,709	147,481
Fiscal	435,008	412,084	(22,924)
Business	34,658	17,967	(16,691)
Operation and Maintenance of Plant	1,336,098	1,345,029	8,931
Pupil Transportation	810,592	690,317	(120,275)
Central	175,785	112,838	(62,947)
Operation of Non-Instructional Services:			
Food Service Operations	549,427	666,062	116,635
Community Services	89,304	62,246	(27,058)
Extracurricular Activities	491,604	458,521	(33,083)
Interest and Fiscal Charges	60,156	86,036	25,880
Total Expenses	<u>13,931,308</u>	<u>13,610,883</u>	<u>(320,425)</u>
Decrease in Net Assets	(482,801)	(1,065,104)	582,303
Net Assets at Beginning of Year	<u>34,757,876</u>	<u>35,822,980</u>	<u>(1,065,104)</u>
Net Assets at End of Year	<u>\$ 34,275,075</u>	<u>\$ 34,757,876</u>	<u>\$ (482,801)</u>

Governmental Activities

Property taxes made up approximately 9.1 percent of revenues for governmental activities for the Dawson Bryant Local School District. Of the remaining revenues, the School District receives 81.4 percent from state foundation, federal, and state grants; 9.0 percent from charges for services; and 0.5 percent from interest and local entities.

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. As the result of legislation enacted in 1976, the overall revenue generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increases in value is

Dawson - Bryant Local School District

Management's Discussion and Analysis

For the Fiscal Year June 30, 2010

comparable to other property owners) the effective tax rate would become 0.5 mills and the owner would still pay \$35.00. This legislation helps explain the relatively sizable increase in the District's taxable value accompanied by the relatively small increase in tax revenue. Property taxes made up just 9.1 percent of revenues for governmental activities for Dawson Bryant Local School District in 2010. Additionally, increases in property taxes would only have a nominal effect upon the School District's total revenue. This is due to the funding formula in place in Ohio; any increase in property tax revenue would be offset by a corresponding decrease in state funding the School District would receive.

Over 58.2 percent of the School District's budget is used to fund instructional expenses. Support services make up 33.2 percent of expenses and 8.6 percent is used for fiscal charges, extracurricular activities, and non-instructional services.

During the fiscal year, the School District experienced changes in the following: a 9.0 percent decrease in employee insurance costs, a negotiated 2.5 percent salary increase, and increases in utility and fuel costs.

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services. In other words, it identifies the cost of those services supported by tax revenue and unrestricted State entitlements.

Table 3
Governmental Activities

	2010 Total Cost of Services	2010 Net Cost of Services	2009 Total Cost of Services	2009 Net Cost of Services
Program Expenses				
Instruction:				
Regular	\$ 5,986,942	\$ 3,502,634	\$ 6,694,306	\$ 4,396,724
Special	1,000,372	647,023	877,002	(22,174)
Vocational	128,688	3,222	112,667	(12,799)
Student Intervention Services	995,569	986,506	-	-
Support Services:				
Pupils	590,996	585,996	587,136	581,472
Instructional Staff	296,550	169,080	384,435	250,705
Board of Education	38,331	38,331	45,528	45,528
Administration	911,228	806,291	1,058,709	1,051,112
Fiscal	435,008	434,914	412,084	411,756
Business	34,658	34,658	17,967	17,967
Operation and Maintenance of Plant	1,336,098	1,331,528	1,345,029	1,341,205
Pupil Transportation	810,592	759,649	690,317	643,131
Central	175,785	175,785	112,838	112,838
Non-Instructional Services:				
Food Service Operations	549,427	32,663	666,062	106,167
Community Services	89,304	76,301	62,246	48,030
Extracurricular Activities	491,604	393,835	458,521	370,897
Interest and Fiscal Charges	60,156	60,156	86,036	86,036
Totals	\$ 13,931,308	\$ 10,038,572	\$ 13,610,883	\$ 9,428,595

The dependence upon tax revenues and state subsidies for governmental activities is apparent. 68.6 percent of total expenses are supported through taxes and other general revenues.

Dawson - Bryant Local School District

Management's Discussion and Analysis

For the Fiscal Year June 30, 2010

THE SCHOOL DISTRICT FUNDS

The School District's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$13,449,511 and expenditures of \$12,979,038. Fund balances did increase due to revenues outpacing expenditures, particularly in the General Fund. The increase noted in the General Fund is due to a decrease in total expenditures of \$312,136, from \$10,077,570 to \$9,765,434. This decrease combined with an increase in revenue of \$223,460, resulting from increases in intergovernmental receivable, led to the increase in fund balance. The increase in the Bond Retirement Debt Service Fund is due to spending being limited to the retirement of the School District's Classroom Improvement Notes.

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal 2010, the School District did amend its General Fund estimated revenues numerous times. The School District uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, the final budget basis revenue estimate was \$10,428,360, which represented only a modest change from original estimates of \$10,358,555. The final budget basis expenditure estimate of \$10,116,452 represented a 7.5 percent decrease from the original estimates due to overly conservative initial estimates.

The School District's ending unobligated General Fund balance was \$2,817,298.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2010, the School District had \$30,469,477 invested in land, buildings, furniture, fixtures, and equipment, and vehicles. Table 4 shows fiscal year 2010 balances compared to 2009.

Table 4
Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	2010	2009
Land	\$ 710,791	\$ 710,791
Land Improvements	760,289	832,968
Buildings and Improvements	28,380,663	29,372,264
Furniture, Fixtures, and Equipment	223,760	257,208
Vehicles	393,974	387,750
Totals	<u>\$ 30,469,477</u>	<u>\$ 31,560,981</u>

For additional information on capital assets, see Note 12 to the basic financial statements.

Dawson - Bryant Local School District

Management's Discussion and Analysis

For the Fiscal Year June 30, 2010

Debt

At June 30, 2010, the School District has classroom facilities improvement refunding bonds and notes outstanding of \$1,270,085 and \$6,000, respectively.

On June 1, 2006, the School District issued \$1,640,000 in Classroom Facilities Improvements Refunding Bonds to retire \$1,640,000 in Classroom Facilities General Obligation Bonds. \$1,640,800 was paid to bondholders on June 1, 2006, to retire the 1995 bonds. The School District decreased its total debt service requirements by \$222,359 as a result of the current refunding. On October 4, 2008, the School District issued \$9,000 in notes for the purchase of office equipment.

For additional information on debt, see Note 17 to the basic financial statements.

CURRENT ISSUES

The financial future of the School District is not without its challenges. These challenges are external and internal in nature. The internal challenges will continue to exist, as the School District must rely heavily on local property taxes. Due to slow economic growth, the School District does not foresee any sustainable growth in revenue from property taxes. Thus management must diligently plan expenses from the modest growth attained, staying carefully within its five-year forecast. Additional revenues from what was estimated must not be treated as a windfall to expand programs but as an opportunity to extend the time horizon of the five-year forecast.

Externally, the School District is largely dependent on State funding sources (approximately 75 percent of the School District's operating funds come from State foundation payments and other entitlements). State foundation revenue is fundamentally a function of student enrollment and a district's property tax wealth. The School District continues to see a slight decline in student enrollment and while State revenue growth has shifted toward school districts with low property tax wealth, declining enrollment has served to somewhat offset any increase in State funding.

Although higher per-pupil funding has helped the School District lessen the impact of increased instructional expenses, much of the positive impact has been offset by other negative financial factors that occurred in the past year (decreasing enrollment and higher insurance costs). In the long run, the fact remains that as long as the State avoids the complete systematic overhaul the Supreme Court ordered in its initial ruling, all schools in Ohio will be faced with the same problem in the future - either increasing its revenue (passing levies) or decreasing expenses (making budget cuts).

As the preceding information shows, the School District continues to depend upon its taxpayers. Although Dawson Bryant Local School District has attempted to keep spending in line with revenues, and carefully watched financial planning, it must improve its revenue to expense ratios if the School District hopes to remain on firm financial footing.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions or need additional information, contact Jim Tordiff, Treasurer at Dawson Bryant Local School District, 222 Lane Street, Coal Grove, Ohio 45638.

Dawson - Bryant Local School District

Statement of Net Assets

June 30, 2010

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 6,163,254
Materials and Supplies Inventory	11,404
Prepaid Items	3,154
Intergovernmental Receivable	285,217
Accounts Receivable	8,884
Property Taxes Receivable	1,353,175
Deferred Charges	34,256
Nondepreciable Capital Assets	710,791
Depreciable Capital Assets, Net	<u>29,758,686</u>
<i>Total Assets</i>	<u>38,328,821</u>
Liabilities	
Accounts Payable	106,239
Accrued Wages and Benefits Payable	929,256
Intergovernmental Payable	362,835
Accrued Interest Payable	2,390
Vacation Benefits Payable	16,743
Matured Compensated Absences Payable	16,839
Deferred Revenue	983,846
Long-Term Liabilities:	
Due within One Year	187,409
Due in More than One Year	<u>1,448,189</u>
<i>Total Liabilities</i>	<u>4,053,746</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	29,227,648
Restricted for:	
Debt Service	798,253
Capital Projects	28,606
Other Purposes	375,879
Unrestricted	<u>3,844,689</u>
<i>Total Net Assets</i>	<u>\$ 34,275,075</u>

See accompanying notes to
the basic financial statements.

Dawson - Bryant Local School District
Statement of Activities
For the Fiscal Year Ended June, 30, 2010

	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and
					Change in
					Net Assets
Governmental Activities					Governmental Activities
Instruction:					
Regular	\$ 5,986,942	\$ 851,081	\$ 1,633,196	\$ 31	\$ (3,502,634)
Special	1,000,372	13,773	339,576	-	(647,023)
Vocational	128,688	-	125,466	-	(3,222)
Student Intervention Services	995,569	-	9,063	-	(986,506)
Support Services:					
Pupils	590,996	-	5,000	-	(585,996)
Instructional Staff	296,550	74,274	53,196	-	(169,080)
Board of Education	38,331	-	-	-	(38,331)
Administration	911,228	-	104,937	-	(806,291)
Fiscal	435,008	-	94	-	(434,914)
Business	34,658	-	-	-	(34,658)
Operation and Maintenance of Plant	1,336,098	-	4,570	-	(1,331,528)
Pupil Transportation	810,592	-	50,943	-	(759,649)
Central	175,785	-	-	-	(175,785)
Operation of Non-Instructional Services:					
Food Service Operations	549,427	152,051	364,713	-	(32,663)
Community Services	89,304	13,003	-	-	(76,301)
Extracurricular Activities	491,604	97,769	-	-	(393,835)
Interest and Fiscal Charges	60,156	-	-	-	(60,156)
Totals	\$ 13,931,308	\$ 1,201,951	\$ 2,690,754	\$ 31	(10,038,572)

General Revenues

Property Taxes Levied for:	
General Purposes	1,065,811
Debt Service	140,058
Classroom Facilities Maintenance	15,828
Grants and Entitlements not Restricted to Specific Programs	8,295,329
Investment Earnings	23,639
Miscellaneous	15,106
Total General Revenues	9,555,771
Change in Net Assets	(482,801)
Net Assets at Beginning of Year	34,757,876
Net Assets at End of Year	\$ 34,275,075

See accompanying notes to
the basic financial statements.

Dawson - Bryant Local School District

Balance Sheet

Governmental Funds

June 30, 2010

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 3,934,323	\$ 775,433	\$ 1,453,498	\$ 6,163,254
Receivables:				
Taxes	1,177,588	157,834	17,753	1,353,175
Accounts	8,683	-	201	8,884
Intergovernmental	56,313	-	228,904	285,217
Interfund	215,537	-	-	215,537
Materials and Supplies Inventory	-	-	11,404	11,404
Prepaid Items	3,154	-	-	3,154
Total Assets	\$ 5,395,598	\$ 933,267	\$ 1,711,760	\$ 8,040,625
 Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 64,673	\$ -	\$ 41,566	\$ 106,239
Accrued Wages and Benefits Payable	717,186	-	212,070	929,256
Intergovernmental Payable	329,623	-	33,212	362,835
Matured Compensated Absences	16,839	-	-	16,839
Interfund Payable	-	-	215,537	215,537
Deferred Revenue	1,056,177	136,336	244,530	1,437,043
Total Liabilities	2,184,498	136,336	746,915	3,067,749
 Fund Balances				
Reserved for Encumbrances	258,618	-	70,419	329,037
Reserved for Property Taxes	135,184	21,498	2,313	158,995
Unreserved, Undesignated, Reported in:				
General Fund	2,817,298	-	-	2,817,298
Special Revenue Funds	-	-	185,850	185,850
Debt Service Fund	-	775,433	-	775,433
Capital Projects Funds	-	-	706,263	706,263
Total Fund Balances	3,211,100	796,931	964,845	4,972,876
Total Liabilities and Fund Balances	\$ 5,395,598	\$ 933,267	\$ 1,711,760	\$ 8,040,625

See accompanying notes to
the basic financial statements.

Dawson - Bryant Local School District
 Reconciliation of Total Governmental Fund Balances
 to Net Assets of Governmental Activities
 June 30, 2010

Total Governmental Fund Balances	\$ 4,972,876
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Amounts reported for governmental activities in the statement of net assets are different because

Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds.	30,469,477
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Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds:	
Property Taxes	210,334
Accounts Receivable	13,959
Grants	228,904
	453,197

Unamortized issuance costs represent deferred charges which do not provide current financial resources, and therefore, are not reported in the funds.	34,256
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Notes Payable	(6,000)
School Construction Bonds	(1,270,085)
Accrued Interest Payable	(2,390)
Sick Leave Benefits Payable	(359,513)
Vacation Benefits Payable	(16,743)
	(1,654,731)

Net Assets of Governmental Activities	\$ 34,275,075
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See accompanying notes to
 the basic financial statements.

Dawson - Bryant Local School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2010

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$ 1,070,346	\$ 169,860	\$ 19,127	\$ 1,259,333
Intergovernmental	8,423,645	37,529	2,413,780	10,874,954
Investment Earnings	23,639	-	31	23,670
Tuition and Fees	868,065	-	13,003	881,068
Charges for Services	-	-	152,051	152,051
Extracurricular	-	-	169,012	169,012
Gifts and Donations	1,762	-	51,043	52,805
Miscellaneous	17,951	-	18,667	36,618
<i>Total Revenues</i>	<u>10,405,408</u>	<u>207,389</u>	<u>2,836,714</u>	<u>13,449,511</u>
Expenditures				
Current:				
Instruction:				
Regular	3,914,086	-	1,578,223	5,492,309
Special	506,648	-	393,787	900,435
Vocational	116,123	-	-	116,123
Student Intervention Services	987,251	-	8,318	995,569
Support Services:				
Pupils	527,212	-	5,000	532,212
Instructional Staff	181,157	-	102,828	283,985
Board of Education	38,331	-	-	38,331
Administration	731,101	-	98,120	829,221
Fiscal	403,107	6,946	774	410,827
Business	34,658	-	-	34,658
Operation and Maintenance of Plant	1,195,463	-	37,647	1,233,110
Pupil Transportation	644,879	-	76,653	721,532
Central	169,446	-	-	169,446
Operation of Non-Instructional Services:				
Food Service Operations	-	-	544,066	544,066
Community Services	-	-	14,152	14,152
Extracurricular Activities	315,972	-	106,382	422,354
Capital Outlay	-	-	65,258	65,258
Debt Service:				
Principal Retirement	-	115,000	-	115,000
Interest and Fiscal Charges	-	60,450	-	60,450
<i>Total Expenditures</i>	<u>9,765,434</u>	<u>182,396</u>	<u>3,031,208</u>	<u>12,979,038</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>639,974</u>	<u>24,993</u>	<u>(194,494)</u>	<u>470,473</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	-	-	651	651
Transfers In	-	-	235,458	235,458
Transfers Out	(235,458)	-	-	(235,458)
<i>Total Other Financing Sources (Uses)</i>	<u>(235,458)</u>	<u>-</u>	<u>236,109</u>	<u>651</u>
<i>Net Change in Fund Balance</i>	404,516	24,993	41,615	471,124
<i>Fund Balances at Beginning of Year</i>	<u>2,806,584</u>	<u>771,938</u>	<u>923,230</u>	<u>4,501,752</u>
<i>Fund Balances at End of Year</i>	<u>\$ 3,211,100</u>	<u>\$ 796,931</u>	<u>\$ 964,845</u>	<u>\$ 4,972,876</u>

See accompanying notes to
the basic financial statements.

Dawson - Bryant Local School District
*Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2010*

Net Change in Fund Balances - Total Governmental Funds \$ 471,124

*Amounts reported for governmental activities in the statement
of activities are different because*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period:

Capital Asset Additions	154,884	
Depreciation Expense	<u>(1,242,388)</u>	(1,087,504)

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or a loss is reported for each disposal. This is the amount of the loss on disposal of assets:

Proceeds from the Sale of Capital Assets	(651)	
Loss on Disposal of Capital Assets	<u>(3,349)</u>	(4,000)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Grants	39,657	
Tuition and Fees	(3,211)	
Extracurricular Activities	186	
Delinquent Taxes	<u>(37,636)</u>	(1,004)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

115,000

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities. Premiums and discounts are reported as revenues and expenditures when the debt is first issued; however, the amounts are deferred and amortized on the statement of activities:

Accrued Interest Payable	189	
Amortization of Deferred Amount on Refunding	(2,733)	
Amortization of Issuance Costs	(4,327)	
Amortization of Premium on Serial Bonds	<u>7,165</u>	294

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Sick Leave Benefits Payable	15,085	
Vacation Benefits Payable	<u>8,204</u>	<u>23,289</u>

Change in Net Assets of Governmental Activities \$ (482,801)

See accompanying notes to
the basic financial statements.

Dawson - Bryant Local School District
*Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
General Fund
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$ 1,180,844	\$ 1,124,122	\$ 1,124,122	\$ -
Intergovernmental	8,248,445	8,362,160	8,423,645	61,485
Investment Earnings	21,701	22,000	23,639	1,639
Tuition and Fees	888,903	901,158	906,479	5,321
Gifts and Donations	907	920	1,762	842
Miscellaneous	17,755	18,000	11,308	(6,692)
<i>Total Revenues</i>	<u>10,358,555</u>	<u>10,428,360</u>	<u>10,490,955</u>	<u>62,595</u>
Expenditures				
Current:				
Instruction:				
Regular	4,383,603	4,103,144	4,021,161	81,983
Special	538,163	511,922	493,667	18,255
Vocational	126,808	118,752	116,323	2,429
Student Intervention Services	1,076,235	1,025,600	987,251	38,349
Support Services:				
Pupils	564,303	535,152	517,645	17,507
Instructional Staff	191,643	182,773	175,798	6,975
Board of Education	54,177	39,337	49,698	(10,361)
Administration	802,339	762,493	736,001	26,492
Fiscal	512,774	416,723	470,377	(53,654)
Business	34,413	32,794	31,568	1,226
Operation and Maintenance of Plant	1,398,043	1,241,071	1,282,451	(41,380)
Pupil Transportation	734,750	644,145	674,000	(29,855)
Central	177,059	168,614	162,420	6,194
Extracurricular Activities	346,634	333,932	317,974	15,958
<i>Total Expenditures</i>	<u>10,940,944</u>	<u>10,116,452</u>	<u>10,036,334</u>	<u>80,118</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(582,389)</u>	<u>311,908</u>	<u>454,621</u>	<u>142,713</u>
Other Financing Sources (Uses)				
Transfers In	98,640	100,000	-	(100,000)
Advances In	189,283	191,893	191,893	-
Transfers Out	(256,681)	(393,349)	(235,458)	157,891
Advances Out	(234,964)	(223,909)	(215,537)	8,372
<i>Total Other Financing Sources (Uses)</i>	<u>(203,722)</u>	<u>(325,365)</u>	<u>(259,102)</u>	<u>66,263</u>
<i>Net Change in Fund Balance</i>	(786,111)	(13,457)	195,519	208,976
<i>Fund Balance at Beginning of Year</i>	3,223,592	3,223,592	3,223,592	-
Prior Year Encumbrances Appropriated	205,958	205,958	205,958	-
<i>Fund Balance at End of Year</i>	<u>\$ 2,643,439</u>	<u>\$ 3,416,093</u>	<u>\$ 3,625,069</u>	<u>\$ 208,976</u>

See accompanying notes to
the basic financial statements.

Dawson - Bryant Local School District
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2010

Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 19,418</u>
Liabilities	
Due to Others	\$ 2,848
Due to Students	<u>16,570</u>
Total Liabilities	<u>\$ 19,418</u>

See accompanying notes to
the basic financial statements.

Dawson - Bryant Local School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010*

Note 1 - Description of the School District and Reporting Entity

Dawson Bryant Local School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as authorized by State statute and federal guidelines. This Board of Education controls the School District's four instructional/support facilities staffed by 59 classified employees and 91 certified teaching and administrative personnel who provide services to 1,235 students and other community members.

Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Dawson Bryant Local School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District has no component units.

The School District participates in the South Central Ohio Computer Association and the Coalition of Rural and Appalachian Schools, which are defined as jointly governed organizations, and the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan and the Lawrence County Schools Insurance Purchasing Consortium, which are defined as insurance purchasing pools. These organizations are presented in Notes 9 and 10.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Dawson - Bryant Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for the fiduciary funds. The statements usually distinguish between those activities that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The School District, however, has no business-type activities.

The statement of net assets presents the financial condition of the governmental activities of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department, and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program; grants and contributions that are restricted to meeting the operational or capital requirements of a particular program; and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are two categories of funds utilized by the School District: governmental and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

General Fund The General Fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

Bond Retirement Debt Service Fund The Bond Retirement Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

Dawson - Bryant Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The School District's only fiduciary funds are agency funds which account for student activities.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets. The statement of activities accounts for increases (revenues) and decreases (expenses) in total net assets.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to

Dawson - Bryant Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest, tuition, grants, student fees, and rentals.

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2010, but which were levied to finance fiscal year 2011 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "equity in pooled cash and cash equivalents".

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest is credited to the General Fund and the Classroom Facilities Capital Project Fund. Interest revenue credited to the General Fund during fiscal year 2010 amounted to \$23,639, which includes \$7,703 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented as cash and cash equivalents.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2010, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which the services are consumed.

G. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of expendable supplies held for consumption and donated and purchased food.

Dawson - Bryant Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

H. Capital Assets

All of the School District's capital assets are general capital assets resulting from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. The School District was able to estimate the historical cost for the initial reporting of certain assets by backtrending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of ten thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All capital assets, except land, are depreciated. Improvements are depreciated over the remaining useful life of the related capital asset. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land improvements	20 years
Buildings and improvements	50 years
Furniture, fixtures and equipment	5 - 15 years
Vehicles	3 - 15 years

I. Internal Activity

Transfers within governmental activities are eliminated on the government-wide statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used aren't eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for employees with fifteen or more years of current service with the School District.

Dawson - Bryant Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

The entire compensated absences liability is reported on the government-wide financial statements. On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are reported as "matured compensated absences payable" in the fund from which the employees who will receive the payment are paid.

K. Accrued Liabilities and Long-term Obligations

All payables, matured compensated absences, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and compensated absences that are paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds and notes are recognized as a liability on the governmental fund financial statements when due.

L. Bond Premiums, Gain/Losses on Refinancing and Issuance Costs

On government-wide financial statements, issuance costs and premiums are deferred and amortized over the term of the bonds. Issuance costs are recorded as deferred charges. Bond premiums are presented as an addition of the face amount of the bonds.

Any gain/loss on refunding is allocated over the life of the old debt or the new debt whichever is shorter.

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the year the bonds are issued. The face amount of the debt issue is reported as other financing sources. Premiums are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Fund Balance Reserves

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances and property taxes.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

N. Interfund Balances

Interfund receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the statement of net assets.

Dawson - Bryant Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

O. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

P. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Net assets restricted for other purposes include resources restricted for food service operations and music and athletic programs, and federal and state grants restricted for specific purposes.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

R. Budgetary Process

All funds, other than the agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer has been authorized to allocate appropriations to the function and object levels.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts in the amended certificate in effect when final appropriations for the fiscal year were passed.

The appropriation resolution is subject to amendment throughout the fiscal year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

Dawson - Bryant Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Note 3 - New Accounting Principles

For 2010, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 51, "Accounting and Financial Reporting for Intangible Assets"; Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments"; Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans"; and Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies thereby enhancing the comparability of accounting and financial reporting of such assets among state and local governments. The implementation of this statement did not result in any material change to the School District's financial statements.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. It requires governments to measure derivative instruments, with the exception of synthetic guaranteed investment contracts that are fully benefit-responsive, at fair value in their economic resources measurement focus financial statements. The implementation of this statement did not result in any change in the School District's financial statements.

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). The requirements in this Statement will allow more agent employers to use the alternative measurement method to produce actuarially based information for purposes of financial reporting and clarify that OPEB measures reported by agent multiple-employer OPEB plans and their participating employers should be determined at the same minimum frequency and as of a common date to improve the consistency of reporting with regard to funded status and funding progress information. The implementation of this statement did not result in any change in the School District's financial statements.

GASB Statement No. 58 provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The requirements in this Statement will provide more consistent recognition, measurement, display, and disclosure guidance for governments that file for Chapter 9 bankruptcy. The implementation of this statement did not result in any change in the School District's financial statements.

Note 4 - Fund Deficits

The following funds had deficit fund balances as of June 30, 2010:

	<u>Deficit</u>
Special Revenue Funds:	
Food Service	\$ 30,693
Public Preschool	19,829
High Schools that Work	553
Title VI-B Idea	46,603
Title II-D	4,412
Title I	74,463
Drug Free Schools	1,550
Miscellaneous Federal Grants	20,371

Dawson - Bryant Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

These deficits resulted from payables recorded in accordance with Generally Accepted Accounting Principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 5 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statements of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budget Basis) for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP (modified accrual) basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Advances In and Advances Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
5. Prepaid items are reported on the balance sheet (GAAP) but not on the budgetary basis.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

Net Change in Fund Balance	
GAAP Basis	\$ 404,516
Revenue Accruals	85,547
Expenditure Accruals	36,409
Prepaid Items:	
Beginning of Year	5,099
End of Year	(3,154)
Advances	(23,644)
Encumbrances	(309,254)
Budget Basis	<u>\$ 195,519</u>

Note 6 - Deposits and Investments

Monies held by the School District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active monies must be maintained either as cash in the School District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Dawson - Bryant Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Inactive deposits are public deposits that the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

Deposits Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$6,132,838 of the School District's bank balance of \$6,384,156 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee and pledged to secure

Dawson - Bryant Local School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010*

the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Note 7 - Property Taxes

Property taxes are levied and assessed on a calendar year basis while the school district fiscal year runs from July through June. First half tax collections are received by the school district in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the school district. Real property tax revenue received in calendar 2010 represents collections of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed value listed as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2010 represents collections of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien December 31, 2008, were levied after April 1, 2009 and are collected in 2010 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2010 (other than public utility property) represents the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Lawrence County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2010, are available to finance fiscal year 2010 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real, tangible personal property, and public utility taxes which are measurable as of June 30, 2010, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations.

The amount available as an advance at June 30, 2010, was \$135,184 in the General Fund, \$21,498 in the Bond Retirement Debt Service Fund, and \$2,313 in the Classroom Facilities Maintenance Special Revenue Fund. The amount available as an advance at June 30, 2009, was \$188,960 in the General Fund, \$30,125 in the Bond Retirement Debt Service Fund, and \$3,231 in the Classroom Facilities Maintenance Special Revenue Fund.

Dawson - Bryant Local School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010*

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

The assessed values upon which the fiscal year 2010 taxes were collected are:

	2009 Second Half Collections		2010 First Half Collections	
Real Property	\$ 57,916,810	90.99%	\$ 58,780,820	91.89%
Public Utility Tangible Personal Property	4,916,980	7.72%	5,064,590	7.92%
Tangible Personal Property	820,500	1.29%	121,030	0.19%
Total	\$ 63,654,290	100.00%	\$63,966,440	100.00%
 Tax Rate per \$1,000 of Assessed Valuation	\$24.30		\$24.30	

Note 8 - Receivables

Receivables at June 30, 2010, consisted of property taxes, accounts (rents, student fees, and tuition), interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables, except delinquent property taxes, are expected to be collected in one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amounts
Public Preschool	\$ 19,829
Title VI-B IDEA	38,282
Title I	141,775
Title II-D	4,643
Safe and Drug Free Schools	3,368
Title II-A	21,007
Miscellaneous	56,313
Total	\$ 285,217

Note 9 - Jointly Governed Organizations

A. South Central Ohio Computer Association

The South Central Ohio Computer Association (SCOCA) is a jointly governed organization among public school districts within the boundaries of Highland, Adams, Pike, Scioto, Brown, Ross, and Lawrence Counties. The organization was formed with the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each of the seven participating counties and one representative from the fiscal agent. The School District paid \$120,780 for services provided during fiscal year 2010. To obtain financial information write to the Pike County Joint Vocational School District, P.O. Box 577, 23365 State Route 124, Piketon, Ohio 45661.

Dawson - Bryant Local School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010*

B. Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools is a jointly governed organization composed of 136 school districts and other educational institutions in the 32-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of seventeen members. One elected and one appointed from each of the seven regions into which the 32 Appalachian counties are divided; and three from Ohio University College of Education. The Council provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Council is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Council. The School District's membership fee was \$300 for fiscal year 2010. The financial information for the Coalition can be obtained from the Executive Director, at McCracken Hall, Ohio University, Athens, Ohio 45701.

Note 10 - Insurance Purchasing Pools

A. Ohio Association of School Business Officials Workers' Compensation Group Rating Plan

The School District participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OASBO. The Executive Director of the OASBO, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

B. Lawrence County Schools Insurance Purchasing Consortium

The School District participates in the Lawrence County Schools Insurance Purchasing Consortium, a health insurance purchasing pool. The consortium's business and affairs are conducted by a nine member Board of Directors consisting of the superintendents of member school districts and educational service centers.

Note 11 - Set-Aside Calculations

The School District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials, and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end and carried forward to be used for the same purposes in future years. In prior fiscal years, the School District was required to set-aside money for budget stabilization.

The following cash basis information describes the changes in the fiscal year end set-aside amounts for textbooks and capital acquisitions. Disclosure of this information is required by the State statute.

Dawson - Bryant Local School District

*Notes to the Basic Financial Statements
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	Textbooks	Capital Improvements
Set-Aside Reserve Balance as of June 30, 2009	\$ (746,568)	\$ -
Current Year Set-Aside Requirement	197,828	197,828
Current Year Offsets	-	(224,709)
Qualifying Disbursements	(203,954)	(154,884)
Totals	\$ (752,694)	\$ (181,765)
Set-Aside Balance Carried Forward to Future Fiscal Years	\$ (752,694)	\$ -

The School District had qualifying expenditures, offsets, and carry forwards during the fiscal year that reduced the textbook and capital improvements set-aside amount below zero. The extra amount in the textbook set-aside may be used to reduce the set-aside requirements for future years.

Note 12 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	Balance at June 30, 2009	Additions	Deductions	Balance at June 30, 2010
Capital Assets:				
Capital Assets not being Depreciated:				
Land	\$ 710,791	\$ -	\$ -	\$ 710,791
Total Nondepreciable Capital Assets	710,791	-	-	710,791
Depreciable Capital Assets:				
Land Improvements	1,465,706	-	-	1,465,706
Buildings and Improvements	37,357,982	64,196	-	37,422,178
Furniture, Fixtures, and Equipment	1,636,048	13,835	-	1,649,883
Vehicles	1,084,332	76,853	40,000	1,121,185
Total Depreciable Capital Assets	41,544,068	154,884	40,000	41,658,952
Less Accumulated Depreciation:				
Land Improvements	(632,738)	(72,679)	-	(705,417)
Buildings and Improvements	(7,985,718)	(1,055,797)	-	(9,041,515)
Furniture, Fixtures, and Equipment	(1,378,840)	(47,283)	-	(1,426,123)
Vehicles	(696,582)	(66,629)	(36,000)	(727,211)
Total Accumulated Depreciation	(10,693,878)	(1,242,388) *	(36,000)	(11,900,266)
Total Capital Assets being Depreciated, Net	30,850,190	(1,087,504)	4,000	29,758,686
Capital Assets, Net	\$ 31,560,981	\$ (1,087,504)	\$ 4,000	\$ 30,469,477

*Depreciation expense was charged to governmental functions as follows:

Dawson - Bryant Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Instruction:	
Regular	\$ 508,841
Special	119,315
Vocational	12,565
Support Services:	
Pupils	56,488
Instructional Staff	12,565
Administration	69,165
Fiscal	18,792
Operation and Maintenance of Plant	122,125
Pupil Transportation	172,574
Central	6,339
Food Service Operations	75,152
Extracurricular Activities	68,467
Total Depreciation Expense	<u>\$ 1,242,388</u>

Note 13 - Defined Benefit Pension Plans

A. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2010, 12.78 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009, and 2008, were \$242,134, \$143,469, and \$134,360, respectively; 56.42 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

B. State Teachers Retirement System

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. The DB plan offers an annual retirement allowance

Dawson - Bryant Local School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010*

based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For the fiscal year ended June 30, 2010, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2010, 2009, and 2008, were \$679,838, \$655,312, and \$673,533, respectively; 84.56 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$8,268 made by the School District and \$5,906 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Retirement System. As of June 30, 2010, one member of the Board of Education has elected Social Security. The contribution rate is 6.2 percent of wages.

Note 14 - Postemployment Benefits

A. School Employees Retirement System

Plan Description - The School District participates in two cost-sharing, multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certified retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS

Dawson - Bryant Local School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Comprehensive Annual Financial Report which is available by contacting SERS at 300 E. Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2010, 1.22 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2010, this amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008, were \$30,081, \$95,203, and \$108,139, respectively; 49.04 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2010, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008, were \$12,631, \$13,259, and \$10,073, respectively; 50.32 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

B. State Teachers Retirement System

Plan Description - The School District contributes to the cost-sharing, multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888)227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board the authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008, were \$52,295, \$51,810, and \$57,908, respectively; 84.56 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

Note 15 - Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days vacation per fiscal year, depending upon length of service. Vacation from one fiscal year may only be carried forward for two months into the next fiscal year. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Dawson - Bryant Local School District

*Notes to the Basic Financial Statements
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Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month up to a maximum of 315 days for certified employees and 280 days for classified employees. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave to a maximum of 70 days for all employees.

B. Insurance Benefits

The School District provides medical, health, and prescription card coverage through Anthem Blue Cross and Blue Shield. The School District pays 79% of the total monthly premiums of \$1,631.07 for family coverage and 80% of total monthly premiums of \$660.35 for single coverage.

The School District provides life insurance and accidental death and dismemberment insurance to certificated and administrative employees through Anthem Life Insurance in the amount of \$30,000.

The School District provides dental insurance to certificated and administrative employees through CoreSource. Monthly premiums are \$62.98 for both single and family coverage.

The School District provides vision insurance to certificated and administrative employees through the Vision Service Plan. Monthly premiums are \$21.04 for both single and family coverage.

Note 16 - Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2010, the School District contracted with The Argonaut Insurance Company for the following coverage:

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Property	Deductible	Limits of Coverage
Building and Contents - Replacement Cost	\$ -	\$ 40,680,000
General Liability:		
Each Occurrence	-	1,000,000
Aggregate Limit	-	3,000,000
Sexual Abuse	-	1,000,000
Products - Completed Operations Aggregate Limit	-	3,000,000
Personal and Advertising Injury Limit - Each Offense	-	1,000,000
Errors and Omissions:		
Each Occurrence	-	1,000,000
Aggregate Limit	-	1,000,000
Employers' Liability:		
Each Occurrence	-	1,000,000
Employee Benefits Liability:		
Each Occurrence	-	1,000,000
Aggregate Limit	-	3,000,000
Vehicles:		
Bodily Injury:		
Per Person	-	1,000,000
Per Accident	-	1,000,000
Property Damage	-	1,000,000
Uninsured Motorist:		
Per Person	100	1,000,000
Per Accident	100	1,000,000

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been so significant reduction in insurance coverage from fiscal year 2009.

B. Workers' Compensation

For fiscal year 2010, the School District participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 10). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate of the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley Uniservice, Inc. Managed Care Organization provides administrative, cost control, and actuarial services to the GRP.

Note 17 - Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2010 were as follows:

Dawson - Bryant Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010*

	Principal Outstanding June 30, 2009	Additions	Deductions	Principal Outstanding June 30, 2010	Amounts Due in One Year
Governmental Activities:					
Superior Notes - 0%	\$ 6,000	\$ -	\$ -	\$ 6,000	\$ 6,000
2006 Classroom Facilities					
Improvements Refunding Bonds:					
Serial Bonds	650,000	-	115,000	535,000	120,000
Term Bonds	700,000	-	-	700,000	-
Deferred Amount on Refunding	(24,372)	-	(2,733)	(21,639)	-
Serial Bond Premium	63,889	-	7,165	56,724	-
Total General Obligation Bonds	1,395,517	-	119,432	1,276,085	126,000
Sick Leave Benefits Payable	374,598	72,405	87,490	359,513	61,409
Total Governmental Activities	\$ 1,770,115	\$ 72,405	\$ 206,922	\$ 1,635,598	\$ 187,409
Long-Term Liabilities					

The sick leave benefits payable will be paid from the fund from which the employees' salaries are paid which includes the General Fund, and the Food Service, Title VI-B Idea, and the Title I Special Revenue Funds.

On October 4, 2008, the School District issued notes in the amount of \$9,000 for the purchase of office equipment. Principal requirements to retire the Superior Notes at June 30, 2010, are as follows:

Fiscal Year Ending June 30,	Principal
2011	\$ 6,000

On June 1, 2006, the School District issued \$1,640,000 in refunding bonds to retire \$1,640,000 of outstanding Classroom Facilities Improvements Bonds. \$1,640,000 was paid to the bondholders to retire the 1995 Classroom Facilities Improvement Bonds.

The refunding bonds issued included serial and term bonds in the amount of \$940,000 and \$700,000, respectively. The bonds are being retired from the Bond Retirement Debt Service Fund. The general obligation bonds were sold at a premium of \$85,982 with issuance costs associated with the refunding bonds at \$51,925.

Principal and interest requirements to retire the Classroom Facilities Improvements Refunding General Obligation Bonds outstanding at June 30, 2010, are as follows:

Dawson - Bryant Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010*

Fiscal Year Ending June 30,	Serial		Term	
	Principal	Interest	Principal	Interest
2011	\$ 120,000	\$ 58,150	\$ -	\$ -
2012	135,000	53,350	-	-
2013	135,000	47,950	-	-
2014	145,000	42,550	160,000	36,750
2015	-	-	165,000	28,350
2016 - 2017	-	-	375,000	30,187
	<u>\$ 535,000</u>	<u>\$ 202,000</u>	<u>\$ 700,000</u>	<u>\$ 95,287</u>

The term bonds, issued at \$700,000, maturing December 1, 2014, to December 1, 2017, are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed plus accrued interest to the date of redemption, on December 1, in the years and in the respective principal amounts as follows:

Fiscal Year Ending June 30,	Amount
2014	\$ 160,000
2015	165,000
2016	175,000
2017	200,000
Total	<u>\$ 700,000</u>

The School District's overall legal debt margin was \$5,266,707, with an unvoted debt margin of \$637,762 at June 30, 2010.

Note 18 - Interfund Activity and Balances

A. Transfers

During fiscal year 2010, the General Fund transferred \$235,458 to other non-major governmental funds to use unrestricted revenue collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

B. Interfund Balances

Interfund balances at June 30, 2010, arise from the provision of cash flow resources from the General Fund until the receipt of grant monies by the Special Revenue Funds.

Dawson - Bryant Local School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010*

	Interfund Receivables	Interfund Payables
General Fund	\$ 215,537	\$ -
Other Governmental Funds:		
Public Preschool	-	19,829
High Schools that Work	-	7,200
Title VI-B Idea	-	38,282
Title II-D	-	4,643
Title I	-	121,208
Drug Free Grants	-	3,368
Title II-A	-	21,007
Total Other Governmental Funds	-	215,537
Total All Funds	<u>\$ 215,537</u>	<u>\$ 215,537</u>

Note 19 - Contingencies

A. Grants

The School District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2010.

B. Litigation

The School District, from time to time, is party to legal proceedings. The School District is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the School District.

SUPPLEMENTAL INFORMATION

DAWSON-BRYANT LOCAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Receipts</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture</u>				
Child Nutrition Cluster:				
Cash Assistance				
Passed through Ohio Department of Education:				
National School Breakfast Program	10.553	3L70	\$ 77,617	\$ 77,617
National School Lunch Program	10.555	3L60	258,128	258,128
Summer Food Service Program	10.559	3L60	<u>9,503</u>	<u>9,503</u>
			345,248	345,248
Noncash assistance				
National School Lunch Program				
Food Donation	10.555	N/A	<u>37,177</u>	<u>37,177</u>
Total U.S. Department of Agriculture			<u>382,425</u>	<u>382,425</u>
<u>U.S. Department of Education</u>				
Passed through State Department of Education:				
Title I	84.010	3M00	555,615	551,125
ARRA, Title I	84.389	3DK0	<u>190,833</u>	<u>155,494</u>
			746,448	706,619
IDEA, Part B	84.027	3M20	301,115	297,980
ARRA, IDEA, Part B	84.391	3DJ0	<u>186,341</u>	<u>168,397</u>
			487,456	466,377
Drug-Free Schools and Communities	84.186	3D10	7,971	12,468
Innovative Education Programs	84.298	3M10	108	155
Education Technology State Grant	84.318	3520	2,745	4,467
Improving Teacher Quality State Grant	84.367	3Y60	125,214	119,358
ARRA, State Fiscal Stabilization Fund	84.394	GRF	<u>539,678</u>	<u>483,698</u>
Total U.S. Department of Education			<u>1,909,620</u>	<u>1,793,142</u>
Total receipts/expenditures of Federal awards			<u>\$ 2,292,045</u>	<u>\$ 2,175,567</u>

DAWSON-BRYANT LOCAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONCLUDED)
FOR THE YEAR ENDED JUNE 30, 2010

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Dawson-Bryant Local School District's programs of the federal government for the year ended June 30, 2010. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets or cash flows of the District.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) summarizes activity of the School District's federal award programs. The Schedule has been prepared on the cash basis of accounting. Therefore, some amounts presented in this schedule may differ from the amounts presented in or used in the preparation of the basic financial statements.

NOTE C - CHILD NUTRITION CLUSTER

Program regulations do not require the School District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This nonmonetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.



Kelley,
Galloway &
Company, PSC

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Members of the Board
Dawson-Bryant Local School District
222 Lane Street
Coal Grove, Ohio 45638

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Dawson-Bryant Local School District, (the "District") as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 25, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on

the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters that we reported to management of the District in a separate letter dated January 25, 2011.

This report is intended solely for the information and use of the Board and management of the District, and federal awarding agencies and pass-through entities and is not intended and should not be used by anyone other than these specified users.

Kelley, Atkinson & Company, P.C.

January 25, 2011



Kelley,
Galloway &
Company, PSC

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

Members of the Board
Dawson-Bryant Local School District
222 Lane Street
Coal Grove, Ohio 45638

Compliance

We have audited the Dawson-Bryant Local School District's (the "District") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2010. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, we noted certain instances of noncompliance that do not require inclusion in this report that we have reported to management of the District in a separate letter dated January 25, 2011.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal

program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we noted other matters involving internal control over federal compliance that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 25, 2011.

This report is intended solely for the information of the Board and management of the District, and federal awarding agencies and pass-through entities and is not intended and should not be used by anyone other than these specified users.

Kelley, Downing + Company, PSC

January 25, 2011

**DAWSON-BRYANT LOCAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

A. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 501(a) of OMB Circular A-133	No

The District had the following major programs with CFDA numbers in parentheses for the year ended June 30, 2010:

- Title I (84.010 and 84.389)
- IDEA Part B (84.027 and 84.391)
- Improving Teacher Quality (84.367)
- ARRA - State Fiscal Stabilization (84.394)

Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
Auditee qualified as low risk auditee?	Yes

B. FINDINGS RELATED TO FINANCIAL STATEMENT IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS

None noted in the current year.

C. FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

There were no findings in the current year.

DAWSON-BRYANT LOCAL SCHOOL DISTRICT
STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010

There were no findings in the prior year.

DAWSON-BRYANT LOCAL SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED JUNE 30, 2009

NAME OF CONTACT PERSON

Jim Tordiff, Treasurer

CORRECTIVE ACTION PLANNED

None.



Kelley,
Galloway &
Company, PSC

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Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Members of the Board of Education
Dawson-Bryant Local School District
Coal Grove, Ohio

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school.

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Dawson-Bryant Local School District, (the "District") has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.66;
 - (3) A procedure for reporting prohibited incidents;
 - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - (5) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 20 U.S.C. 1232q, as amended.

We read the policy, noting it did not include the following requirements from Ohio Revised Code Section 3313.666 (B):

- (1) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by Section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1322q, as amended, have access to any written reports pertaining to the prohibited incident;
- (2) A procedure for documenting any prohibited incident that is reported;
- (3) A procedure for responding to and investigating any reported incident;
- (4) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the constitution of the United States;
- (5) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This information is intended solely for the use of the Board of Education and management of Dawson-Bryant Local School District and is not intended to be and should not be used by anyone other than these specified parties.

Kelley, Gullerway & Company, PC

January 25, 2011



Dave Yost • Auditor of State

DAWSON BRYANT LOCAL SCHOOL DISTRICT

LAWRENCE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
APRIL 12, 2011